



General Assembly

January Session, 2015

Raised Bill No. 6954

LCO No. 4621



Referred to Committee on PUBLIC HEALTH

Introduced by:
(PH)

***AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S
RECOMMENDATIONS REGARDING WATER COMPANY TAKEOVER
PROCEEDINGS AND CERTIFICATES OF PUBLIC CONVENIENCE
AND NECESSITY FOR THE EXPANSION AND CONSTRUCTION OF
PUBLIC WATER SYSTEMS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-81q of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 Any municipality may, upon approval by its legislative body or in
4 any town in which the legislative body is a town meeting, by the board
5 of selectmen, abate for a period of up to ten years all or a portion of the
6 property taxes due on and after July 1, 1997, for property owned by an
7 entity that has acquired a water company pursuant to the provisions of
8 section 16-262n, as amended by this act, or 16-262o, as amended by this
9 act. The acquiring entity shall only be entitled to an abatement for
10 those costs incurred by such entity to make improvements on the
11 infrastructure and related property of the acquired water company,
12 when such improvements were ordered by the Public Utilities
13 Regulatory Authority [or] and the Department of Public Health and

14 necessary in order for the entity to provide continuous, adequate water
15 service.

16 Sec. 2. Section 16-19 of the general statutes is amended by adding
17 subsection (i) as follows (*Effective October 1, 2015*):

18 (NEW) (i) A water company, as defined in section 16-1 of the
19 general statutes, shall file with the Department of Public Health, at the
20 time such water company files a proposed amendment of its existing
21 rates with the Public Utilities Regulatory Authority pursuant to this
22 section, a list of all other water companies, as defined in section 16-
23 262n of the general statutes, as amended by this act, that the water
24 company proposing an amendment has voluntarily acquired since its
25 most recent general rate case.

26 Sec. 3. Section 16-19z of the general statutes is repealed and the
27 following is substituted in lieu thereof (*Effective October 1, 2015*):

28 In any proceeding pursuant to section 16-19, as amended by this act,
29 on a rate amendment proposed by a water company, as defined in
30 section 16-1, the Public Utilities Regulatory Authority shall consider
31 including the cost to the company of purchasing, owning or retaining
32 land for water supply protection or future water supply use in the
33 current rate base of the company, subject to the following conditions:
34 (1) The land shall be included in a water supply plan filed and
35 approved pursuant to section 25-32d or shall otherwise be approved
36 by the Commissioner of Public Health pursuant to the general statutes
37 or regulations adopted under the general statutes; (2) the land shall
38 include (A) an area necessary for surface and groundwater supply
39 protection, (B) the impoundment area, (C) a well site, or (D) other
40 appropriate appurtenances such as a tank site or filtration plant site or
41 other necessary facilities; and (3) the purchase, ownership or retention
42 of the land is found by the authority to be prudent considering cost,
43 availability and need. The authority may not require any such
44 company to sell any such land owned by such company as of October

45 1, 1997, except as provided in section 16-262n, as amended by this act,
46 or section 16-262o, as amended by this act.

47 Sec. 4. Section 16-46 of the general statutes is repealed and the
48 following is substituted in lieu thereof (*Effective October 1, 2015*):

49 (a) No public service company shall cease operations as a public
50 service company, dissolve or terminate its corporate existence without
51 the consent of the Public Utilities Regulatory Authority. [, except a
52 water company, as defined in section 16-262n, shall not cease its
53 operations, or unilaterally discontinue the provision of water service to
54 customers without the consent of both the Public Utilities Regulatory
55 Authority and the Department of Public Health. Upon receipt of a
56 request from a water company to cease its operations or discontinue
57 the provision of water service, the Public Utilities Regulatory
58 Authority, in conjunction with the Department of Public Health, shall
59 hold a public hearing and issue a final decision setting forth the actions
60 the water company shall take to ensure a continuous supply of potable
61 water at adequate volume and pressures, in accordance with the
62 procedures and criteria set forth in sections 16-262n to 16-262q,
63 inclusive.]

64 (b) Any public service company may, with such consent, [or in the
65 case of a water company, as defined in section 16-262n, for which a
66 decision has been issued pursuant to section 16-262o, such water
67 company shall,] dissolve and terminate its corporate existence in the
68 manner provided for dissolution and termination by such company's
69 charter or certificate of incorporation, provided, if such charter or
70 certificate requires stockholder approval, such approval shall be by not
71 less than two-thirds of the voting power of the shares entitled to vote
72 thereon. If there is no provision for dissolution and termination in such
73 charter or certificate, such company may, with the consent of the
74 Public Utilities Regulatory Authority, [or in the case of a water
75 company, the consent of both the Public Utilities Regulatory Authority
76 and the Department of Public Health,] dissolve and terminate its

77 corporate existence in any manner provided in part XIV of chapter 601
78 in the case of a company organized with capital stock or part XI of
79 chapter 602 in the case of a company organized without capital stock.
80 Such dissolution and termination shall take effect upon (1) for a
81 corporation, the filing with the Secretary of the State of a certificate of
82 dissolution, and (2) for an unincorporated entity, the filing of a
83 certificate of dissolution with the Public Utilities Regulatory Authority,
84 [and the Department of Public Health.] In the event of such cessation,
85 dissolution or termination, all claims and rights of creditors shall
86 constitute liens upon the property and franchises of the company and
87 shall continue in existence as long as may be necessary to preserve the
88 same.

89 Sec. 5. Section 16-262m of the general statutes is repealed and the
90 following is substituted in lieu thereof (*Effective October 1, 2015*):

91 (a) As used in this section and section 8-25a, "water company"
92 means a corporation, company, association, joint stock association,
93 partnership, municipality, state agency, other entity or person, or
94 lessee thereof, owning, leasing, maintaining, operating, managing or
95 controlling any pond, lake, reservoir, stream, well or distributing plant
96 or system employed for the purpose of supplying water to fifteen or
97 more service connections or twenty-five or more persons for at least
98 sixty days in any one year.

99 (b) No person, including, but not limited to, a water company may
100 begin the construction of a water supply system for the purpose of
101 supplying water to fifteen or more service connections or twenty-five
102 or more persons for at least sixty days in any one year, and no person
103 [or entity] including, but not limited to, a water company, except a
104 water company supplying more than two hundred fifty service
105 connections or one thousand persons, may begin expansion of [such] a
106 water supply system, without having first obtained a certificate of
107 public convenience and necessity from the Department of Public
108 Health.

109 (c) For systems serving twenty-five or more residents that are not
110 the subject of proceedings under [subsection (c) of] section 16-262n, as
111 amended by this act, [or] section 16-262o, as amended by this act, or
112 section 15 of this act, an application for a certificate of public
113 convenience and necessity shall be on a form prescribed by the [Public
114 Utilities Regulatory Authority, in consultation with the] Department of
115 Public Health, and accompanied by a copy of the applicant's
116 construction or expansion plans, a fee of [one] five hundred dollars
117 and, when an exclusive service area provider has been determined
118 pursuant to section 25-33g, a copy of a signed ownership agreement
119 between the applicant and provider for the exclusive service area, as
120 determined pursuant to section 25-33g, detailing those terms and
121 conditions under which the system will be constructed or expanded
122 and for which the provider will assume service and ownership
123 responsibilities. When an exclusive service area provider has been
124 determined pursuant to section 25-33g, the application shall also be
125 accompanied by a written confirmation from the exclusive service area
126 provider, as the person that will own the water supply system, that
127 such exclusive service area provider has received the application and is
128 prepared to assume responsibility for the water supply system subject
129 to the terms and conditions of the ownership agreement. Written
130 confirmation from the exclusive service area provider shall be on a
131 form prescribed by [said authority and] the department. [Said
132 authority and] The department shall issue a certificate to an applicant
133 upon determining, to [their] its satisfaction, that (1) no interconnection
134 is feasible with a water system owned by, or made available through
135 arrangement with, the provider for the exclusive service area, as
136 determined pursuant to section 25-33g, or with another existing water
137 system where no exclusive service area has been assigned, (2) the
138 applicant will complete the construction or expansion in accordance
139 with engineering standards established by regulation by the [Public
140 Utilities Regulatory Authority] department for water supply systems,
141 (3) ownership of the system will be assigned to the provider for the
142 exclusive service area, when an exclusive service area provider has

143 been determined pursuant to section 25-33g, (4) the proposed
144 construction or expansion will not result in a duplication of water
145 service in the applicable service area, (5) the applicant meets all federal
146 and state standards for water supply systems, (6) the person that will
147 own the water supply system has the financial, managerial and
148 technical resources to (A) operate the proposed water supply system in
149 a reliable and efficient manner, and (B) provide continuous adequate
150 service to consumers served by the water supply system, (7) the
151 proposed water supply system will not adversely affect the adequacy
152 of nearby water supply systems, and (8) any existing or potential
153 threat of pollution that the [Department of Public Health] department
154 deems to be adverse to public health will not affect any new source of
155 water supply. The department, in consultation with the authority, shall
156 determine if the person that will own the water supply system has
157 sufficient financial resources, as described in subdivision (6) of this
158 subsection. Any construction or expansion with respect to which a
159 certificate is required shall thereafter be built, maintained and operated
160 in conformity with the certificate and any terms, limitations or
161 conditions contained therein.

162 [(d) The Public Utilities Regulatory Authority and the Department
163 of Public Health shall each adopt regulations, in accordance with the
164 provisions of chapter 54, to carry out the purposes of subsections (a) to
165 (c), inclusive, of this section.

166 (e) (1)] (d) For systems serving twenty-five or more persons, but not
167 twenty-five or more residents, at least sixty days in any one year, an
168 application for a certificate of public convenience and necessity shall
169 be on a form prescribed by the Department of Public Health and
170 accompanied by a copy of the construction or expansion plans and a
171 fee of five hundred dollars. The [Department of Public Health]
172 department shall issue a certificate to an applicant upon determining,
173 to its satisfaction, that: [(A) no] (1) No interconnection is feasible with a
174 water system owned by, or made available through arrangement with,
175 the provider for the exclusive service area, as determined pursuant to

176 section 25-33g or with another existing water system where no existing
177 exclusive service area has been assigned, [(B)] (2) the applicant will
178 complete the construction or expansion in accordance with
179 engineering standards established by regulation by the department for
180 water supply systems, [(C)] (3) ownership of the system will be
181 assigned to the provider for the exclusive service area, as determined
182 pursuant to section 25-33g, if agreeable to the exclusive service area
183 provider and the [Department of Public Health] department, or may
184 remain with the applicant, if agreeable to the [Department of Public
185 Health] department, until such time as the water system for the
186 exclusive service area, as determined by section 25-33g, has made an
187 extension of the water main, after which the applicant shall obtain
188 service from the provider for the exclusive service area, [(D)] (4) the
189 proposed construction or expansion will not result in a duplication of
190 water service in the applicable service area, [(E)] (5) the applicant
191 meets all federal and state standards for water supply systems, [(F)] (6)
192 the person that will own the water supply system has the financial,
193 managerial and technical resources to [(i)] (A) operate the proposed
194 water supply system in a reliable and efficient manner, and [(ii)] (B)
195 provide continuous adequate service to consumers served by the water
196 supply system, [(G)] (7) the proposed water supply system will not
197 adversely affect the adequacy of nearby water supply systems, and
198 [(H)] (8) any existing or potential threat of pollution that the
199 [Department of Public Health] department deems to be adverse to
200 public health will not affect any new source of water supply. Any
201 construction or expansion with respect to which a certificate is
202 required shall thereafter be built, maintained and operated in
203 conformity with the certificate and any terms, limitation or conditions
204 contained therein.

205 (e) Properties held by the Department of Energy and Environmental
206 Protection and used for, or in support of, fish culture, natural resource
207 conservation or outdoor recreational purposes shall be exempt from
208 the requirements of subdivisions (1), (3) and (4) of [subsection (c) of

209 this section and subparagraphs (A), (C) and (D) of subdivision (1) of
210 subsection (e)] subsections (c) and (d) of this section. All state agencies
211 are exempt from the fee requirements provided in subsections (c) and
212 (d) of this section.

213 [(2)] (f) The Department of Public Health [shall] may adopt
214 regulations, in accordance with the provisions of chapter 54, to carry
215 out the purposes of this [subsection] section. Such regulations may
216 include measures that encourage water conservation and proper
217 maintenance.

218 Sec. 6. Section 16-262n of the general statutes is repealed and the
219 following is substituted in lieu thereof (*Effective October 1, 2015*):

220 (a) As used in this section, sections 16-262o to 16-262q, inclusive, as
221 amended by this act, and section 16-262s, as amended by this act,
222 "water company" means either (1) a corporation, company, association,
223 joint stock association, partnership, municipality, other entity or
224 person, or lessee thereof, owning, leasing, maintaining, operating,
225 managing or controlling any pond, lake, reservoir, stream, well or
226 distributing plant or system employed for the purpose of supplying
227 water to not less than two service connections or twenty-five persons,
228 or (2) a deficient well system serving existing properties within a
229 defined geographic area with not less than twenty-five persons served
230 by private wells that (A) do not meet public health standards for
231 potable water, (B) have had funding discontinued for filters provided
232 pursuant to subsection (a) of section 22a-471 to respond to documented
233 groundwater contamination, (C) are otherwise unable to serve the
234 existing properties with adequate water quality, volume or pressure,
235 or (D) limit the on-site resolution of documented wastewater disposal
236 issues in the system.

237 [(b) The Public Utilities Regulatory Authority, in consultation with
238 the Department of Public Health and the Department of Energy and
239 Environmental Protection, may review the economic viability of a

240 water company, except a municipal water company, based upon
241 performance measures of the company's stability and financial
242 condition, technical and managerial expertise and efficiency, and
243 physical condition and capacity of plant. The Public Utilities
244 Regulatory Authority shall make recommendations for improvement
245 or provide counseling to a reviewed water company to assist in
246 improving the company's economic viability.

247 (c) Whenever any water company fails to comply with an order
248 issued pursuant to section 16-11, 25-32, 25-33 or 25-34, concerning the
249 availability or potability of water or the provision of water at adequate
250 volume and pressure, or if the Public Utilities Regulatory Authority
251 determines a water company does not possess economic viability
252 pursuant to subsection (b) of this section, the Public Utilities
253 Regulatory Authority, the Department of Public Health and, when its
254 participation is required, the Department of Energy and
255 Environmental Protection, may, or following a request from a water
256 company filed pursuant to section 16-46, shall, after notice to public
257 and private water companies, municipal utilities furnishing water
258 service, municipalities or other appropriate governmental agencies in
259 the service area of the water company, conduct a hearing in
260 accordance with the provisions of sections 4-176e, 4-177, 4-177c and 4-
261 180 to determine the actions that may be taken and the expenditures
262 that may be required, including the acquisition of the water company
263 by a suitable public or private entity, to assure the availability and
264 potability of water and the provision of water at adequate volume and
265 pressure to the persons served by the water company at a reasonable
266 cost.]

267 (b) The Department of Public Health, in consultation with the Public
268 Utilities Regulatory Authority, may review information to determine
269 the sustainability of a water company, except a municipal water
270 company, that shall include, but not be limited to (1) a review of the
271 water company's stability and financial condition, (2) the water
272 company's technical and managerial expertise and efficiency, and (3)

273 the physical condition and capacity of the water company's plant. The
274 department may provide counseling to such water company and may
275 issue such orders to such water company as the department deems
276 necessary for the water company to maintain sustainability. If the
277 department, in consultation with the authority, determines that the
278 water company is not sustainable, the department and the authority
279 shall initiate a proceeding to determine the most suitable entity to
280 acquire the water company. The department and the authority shall,
281 after notice to public and private water companies, municipal water
282 companies, municipalities and other appropriate governmental
283 agencies operating in the service area of the water company, and after
284 offering an opportunity for a hearing, issue a final decision stating the
285 actions the water company and the most suitable entity shall take and
286 the orders with which the water company and the most suitable entity
287 shall comply to ensure the availability and potability of water and the
288 provision of water at adequate volume and pressure to the persons
289 served by the water company at a reasonable cost. The department and
290 the authority shall determine the most suitable entity in accordance
291 with subsection (b) of section 16-262o, as amended by this act. Any
292 decision issued by the department pursuant to this subsection shall
293 constitute a permit issued by the Commissioner of Public Health
294 pursuant to sections 25-32 and 25-37d.

295 (c) Notwithstanding the provisions of any special act, the
296 department and the authority shall extend the franchise area of the
297 acquiring entity to include the service area of the water company
298 acquired pursuant to this section.

299 (d) In the case of any proposed acquisition of a water company by
300 another water company, as defined in section 16-1, for which the
301 department and the authority has offered an opportunity for a hearing
302 pursuant to this section, the authority shall require such acquiring
303 water company to implement, and revise quarterly thereafter, a rate
304 surcharge applied to the rates of the acquired water company or of
305 both such acquiring water company and the acquired water company,

306 as determined by the authority, that would recover on a current basis
307 all costs of such acquisition and of needed improvements to the
308 acquired water company's system in accordance with regulations
309 adopted by the authority concerning surcharges. Such surcharge may
310 be designed to recover one hundred per cent of the revenues necessary
311 to provide a net after-tax return on investment actually made in the
312 acquisition and improvement of the acquired water company, at a rate
313 of return equivalent to that authorized for the acquiring water
314 company in its last general rate proceeding.

315 (e) Not later than sixty days after the issuance of a final decision
316 pursuant to this section, the acquired water company shall properly
317 execute and deliver to the acquiring entity all documents necessary to
318 complete the transfer of title to all real and personal property that is
319 the subject of the final decision, including, but not limited to, land,
320 structures, easements, and every estate, right or interest therein. If the
321 acquired water company fails to deliver such documents in accordance
322 with this subsection, the acquiring entity shall notify the department
323 and the authority of such failure to act. Upon receipt of such notice, the
324 department and the authority shall petition the Superior Court to
325 enforce the provisions of their final decision. Nothing in this
326 subsection shall deprive any entity of the compensation rights set forth
327 in section 16-262q, as amended by this act.

328 Sec. 7. Section 16-262o of the general statutes is repealed and the
329 following is substituted in lieu thereof (*Effective October 1, 2015*):

330 (a) [The Public Utilities Regulatory Authority, in consultation with
331 the Department of Public Health, upon a determination that the costs
332 of improvements to and the acquisition of the water company are
333 necessary and reasonable, shall order the acquisition of the water
334 company by the most suitable public or private entity. In making such
335 determination, the authority] (1) Whenever a water company requests
336 to cease operations as a water company or to unilaterally discontinue
337 the provision of water service to consumers, the Department of Public

338 Health and the Public Utilities Regulatory Authority shall, initiate a
339 proceeding and, after notice to public and private water companies,
340 municipal utilities furnishing water service, municipalities and other
341 appropriate governmental agencies in the service area of the water
342 company, and after offering an opportunity for a hearing, issue a final
343 decision stating the actions such water company or another entity shall
344 take, that may include acquisition of the water company by a suitable
345 public or private entity, to assure the availability and potability of
346 water and the provision of water at adequate volume and pressure to
347 the persons served by the water company at a reasonable cost, and any
348 expenditures that may be required to be made by such water company
349 or other entity.

350 (2) If the department and the authority determine there will not be
351 an acquisition of such water company, the final decision shall set forth
352 the actions the water company shall take and the orders with which
353 the water company shall comply to ensure the availability and
354 potability of water and the provision of water at adequate volume and
355 pressure to the persons served by the water company at a reasonable
356 cost.

357 (3) If the department and the authority determine that the water
358 company shall be acquired, the final decision shall state the actions the
359 water company and the most suitable entity shall take and the orders
360 with which the water company and the most suitable entity shall
361 comply to ensure the availability and potability of water and the
362 provision of water at adequate volume and pressure to the persons
363 served by the water company at a reasonable cost. The department and
364 the authority shall determine the most suitable entity in accordance
365 with the provisions of subsection (b) of this section. Any decision
366 issued by the department pursuant to this subdivision shall constitute
367 a permit pursuant to sections 25-32 and 25-37d.

368 (4) Whenever a water company fails to comply with an order issued
369 by the department pursuant to section 25-32, 25-33 or 25-34 concerning

370 the availability or potability of water or the provision of water at
371 adequate volume and pressure, the department and the authority may
372 initiate a proceeding, as described in this subsection.

373 (b) (1) When an exclusive service area provider has been determined
374 pursuant to section 25-33g and such exclusive service area provider is
375 the exclusive service area provider for the geographic area in which
376 the water company is located, such exclusive service area provider is
377 the most suitable entity to take over the water company.

378 (2) If an exclusive service area provider has not been determined
379 pursuant to section 25-33g, the department and the authority, in
380 making the determination regarding the most suitable entity to acquire
381 the water company, shall consider: [(1)] (A) The geographical
382 proximity of the plant of the [acquiring entity] potentially suitable
383 entities to the water company, [(2) whether the acquiring entity has]
384 (B) the financial, managerial and technical [resources] capability of
385 each potentially suitable entity to operate the water company in a
386 reliable and efficient manner and to provide continuous, adequate
387 service to the persons served by the company, [(3)] (C) the current
388 rates [that the acquiring entity charges its] each potentially suitable
389 entity charges their customers, and [(4)] (D) any other factors the
390 [authority deems] department and the authority deem relevant. Such
391 order shall authorize the recovery through rates of all reasonable costs
392 of acquisition and necessary improvements. A public entity acquiring
393 a water company beyond the boundaries of such entity may charge
394 customers served by the acquired company for water service and may,
395 to the extent appropriate, as determined by the governing body of the
396 public entity, recover through rates all reasonable costs of acquisition
397 and necessary improvements.

398 [(b)] (c) Notwithstanding the provisions of any special act, the
399 [Public Utilities Regulatory Authority] department and the authority
400 shall extend the franchise areas of the acquiring water company to
401 include the service area of the water company acquired pursuant to

402 this section.

403 ~~[(c)]~~ (d) On and after December 1, 1989, in the case of any proposed
 404 acquisition of a water company by another water company, as defined
 405 in section 16-1, for which the [Public Utilities Regulatory Authority has
 406 provided notice of] department and the authority have offered an
 407 opportunity for a hearing pursuant to [section 16-262n] this section, the
 408 authority [may, to encourage and facilitate such acquisition, and shall,
 409 if it orders such acquisition,] shall require [the] such acquiring water
 410 company [, as defined in section 16-1,] to implement, and revise
 411 quarterly thereafter, a rate surcharge applied to the rates of the
 412 acquired water company or of both the acquiring water company and
 413 the acquired water company, as determined by the authority, that
 414 would recover on a current basis all costs of such acquisition and of
 415 needed improvements to the acquired water company's system. Such
 416 surcharge may be designed to recover one hundred per cent of the
 417 revenues necessary to provide a net after-tax return on investment
 418 actually made in the acquisition and improvement of the acquired
 419 water company, at a rate of return equivalent to that authorized for the
 420 acquiring water company in its last general rate proceeding. The
 421 authority shall, not later than December 1, 1989, adopt regulations, in
 422 accordance with chapter 54, to carry out the purposes of this section.

423 ~~[(d)]~~ (e) Not later than sixty days after the issuance of [an order for
 424 an acquisition] a final decision pursuant to this section, the acquired
 425 water company shall properly execute and deliver to the acquiring
 426 [water company] entity all documents necessary to complete the
 427 transfer of title to all real and personal property that is the subject of
 428 the [acquisition order] final decision, including, but not limited to,
 429 land, structures, easements, and every estate, right or interest therein,
 430 to the entity ordered to acquire such water company. If the acquired
 431 water company fails to deliver such documents in accordance with this
 432 subsection, the acquiring [company] entity shall notify the [Public
 433 Utilities Regulatory Authority] department and the authority of such
 434 failure to act. Upon receipt of such notice, [the authority] the

435 department and the authority shall petition the Superior Court to
436 enforce the provisions of [its acquisition order] the final decision.
437 Nothing in this subsection shall deprive any entity of the
438 compensation rights set forth in section 16-262q, as amended by this
439 act.

440 Sec. 8. Section 16-262p of the general statutes is repealed and the
441 following is substituted in lieu thereof (*Effective October 1, 2015*):

442 Any recipient of an order pursuant to section 16-262n, as amended
443 by this act, section 16-262o, as amended by this act, or section 15 of this
444 act shall make improvements it determines are necessary within a
445 reasonable time after transfer of the water company to the acquiring
446 entity to assure the availability and potability of water and the
447 provision of water at adequate volume and pressure to the persons
448 served by the water company. The water company shall immediately
449 take the steps necessary for the transfer of the water company to the
450 acquiring company, municipal water authority, municipality or other
451 public or private entity.

452 Sec. 9. Section 16-262q of the general statutes is repealed and the
453 following is substituted in lieu thereof (*Effective October 1, 2015*):

454 Compensation for the acquisition of a water company pursuant to
455 section 16-262n, as amended by this act, section 16-262o, as amended
456 by this act or section 15 of this act shall be determined by the
457 procedures for determining compensation under section 25-42 or by
458 agreement between the parties, provided such agreement is approved
459 by the Department of Public Health and the Public Utilities Regulatory
460 Authority, [in consultation with the Department of Public Health,
461 after] or only the department, after offering an opportunity for a
462 hearing. [, approves such agreement.] The provisions of this section
463 shall not apply to the sale of a private water company to a municipally
464 owned and operated water company providing service in such
465 municipality. In such cases, if the parties determine compensation for

466 such acquisition by agreement the sale may proceed without the
467 approval of the [Public Utilities Regulatory Authority] department.

468 Sec. 10. Subsection (e) of section 16-262r of the general statutes is
469 repealed and the following is substituted in lieu thereof (*Effective*
470 *October 1, 2015*):

471 (e) Notwithstanding any provision of subdivision (4) of subsection
472 (a) of section 16-19e, the authority, if it deems appropriate, may award
473 a premium rate of return to a provider water company, as defined in
474 section 16-1, in accordance with the provisions of subdivisions (1), (2),
475 (3) and (5) of subsection (a) of section 16-19e, on any water system
476 [which the] that such provider water company voluntarily acquires or
477 acquires pursuant to an order issued under section 16-262n, as
478 amended by this act, or section 16-262o, as amended by this act.

479 Sec. 11. Section 16-262s of the general statutes is repealed and the
480 following is substituted in lieu thereof (*Effective October 1, 2015*):

481 (a) (1) In the case of a proposed acquisition of a water company that
482 is not [economically viable] sustainable, as determined by the
483 Department of Public Health, in consultation with the Public Utilities
484 Regulatory Authority in accordance with the criteria provided in
485 subsection (b) of section 16-262n, as amended by this act, by a water
486 company, as defined in section 16-1, that is [economically viable]
487 sustainable, as determined by the department and the authority in
488 accordance with said criteria, upon petition of [the] such acquiring
489 water company and after notice and hearing, the authority may allow
490 [the] such acquiring water company to implement, and revise
491 quarterly thereafter, a rate surcharge applied to the rates of the
492 acquired water company, or of both [the] such acquiring water
493 company and the acquired water company, as determined by the
494 authority, that would recover on a current basis those costs of such
495 acquisition, including a reasonable acquisition premium, and of
496 needed improvements to the acquired water company's system, to the

497 extent the authority deems such costs appropriate. The regulations
498 adopted by the authority pursuant to section 16-262o, as amended by
499 this act, shall apply for purposes of this section.

500 (2) The Public Utilities Regulatory Authority may allow the
501 recovery of such reasonable acquisition premium when it is
502 demonstrated that such proposed acquisition shall provide benefits to
503 customers by (A) enhancing system [viability] sustainability, or (B)
504 avoiding capital costs or savings in operating costs, or as otherwise
505 determined by the authority. If an acquisition premium is authorized,
506 the excess of the acquisition cost over the depreciated original cost
507 shall be added to the rate base to be amortized as an addition to
508 expenses over a reasonable period of time with corresponding
509 reductions in the rate base.

510 (b) In the case of a proposed acquisition of a water company that is
511 not [economically viable] sustainable, as determined by the [Public
512 Utilities Regulatory Authority] department, in consultation with the
513 authority, in accordance with the criteria provided in [subsection (b)]
514 of section 16-262n, as amended by this act, by a water company, as
515 defined in section 16-1, that is [economically viable] sustainable, as
516 determined by the department and the authority in accordance with
517 said criteria, the authority may, as part of [the] such acquiring water
518 company's next general rate case, award a premium rate of return to
519 such acquiring water company when it is demonstrated that such
520 proposed acquisition will provide benefits to customers by (1)
521 enhancing system viability, or (2) avoiding capital costs or saving in
522 operating costs, or as otherwise determined by the authority.

523 (c) In lieu of all or part of a rate surcharge, the authority may allow
524 [the] such acquiring water company to defer such costs of such
525 acquisition for subsequent collection as part of its next general rate
526 case.

527 Sec. 12. Subsection (a) of section 16-262y of the general statutes is

528 repealed and the following is substituted in lieu thereof (*Effective*
529 *October 1, 2015*):

530 (a) For purposes of this section, (1) "revenue adjustment
531 mechanism" means a mechanism that reconciles in rates the difference
532 between the actual revenues of a water company and allowed
533 revenues, (2) "actual revenues" means the revenues received or
534 accrued by a water company for water sales for a calendar year,
535 including sales for resale and approved miscellaneous charges,
536 authorized by the Public Utilities Regulatory Authority pursuant to
537 sections 16-19, as amended by this act, and 16-262w, and those
538 revenues authorized for customers acquired pursuant to section 16-43,
539 16-262n, as amended by this act, or section 16-262o, as amended by this
540 act, [or 16-262s] since the last general rate case of the company, (3)
541 "allowed revenues" means revenues for a water company for water
542 sales for a calendar year, including sales for resale and approved
543 miscellaneous charges, authorized by the authority pursuant to
544 sections 16-19, as amended by this act, and 16-262w, and shall include
545 customer growth from an acquisition approved by the authority
546 pursuant to section 16-43 [,] or by the Department of Public Health and
547 the authority pursuant to section 16-262n, as amended by this act, or
548 section 16-262o, as amended by this act, [or 16-262s] since the last
549 general rate case of such company, and (4) "water company" has the
550 same meaning as provided in section 16-1.

551 Sec. 13. Section 16-262z of the general statutes is repealed and the
552 following is substituted in lieu thereof (*Effective October 1, 2015*):

553 The Public Utilities Regulatory Authority, in consultation with the
554 Department of Public Health, may, upon application of a water
555 company, as defined in section 16-1, order such water company to
556 extend its system to serve properties that the authority determines are
557 served by a deficient well system, as described in subdivision (2) of
558 subsection (a) of section 16-262n, as amended by this act, if the
559 authority determines that the net costs of extending water service are

560 reasonable. The cost recovery, rates and charges of such extension shall
561 be treated in the same manner as provided for acquisitions pursuant to
562 section 16-262n, as amended by this act, or 16-262o, as amended by this
563 act. [or 16-262s.]

564 Sec. 14. (NEW) (*Effective October 1, 2015*) (a) Except as provided in
565 subsection (b) of this section, no water company, as defined in section
566 16-262n of the general statutes, as amended by this act, shall cease its
567 operations or unilaterally discontinue the provision of water service to
568 customers or be voluntarily acquired by an acquiring entity, as defined
569 in section 15 of this act, without the approval of the Department of
570 Public Health and the Public Utilities Regulatory Authority pursuant
571 to section 16-262n of the general statutes, as amended by this act, or
572 section 16-262o of the general statutes, as amended by this act, or the
573 approval of the department pursuant to section 15 of this act.

574 (b) A water company, as defined in section 16-262n of the general
575 statutes, as amended by this act, that has been voluntarily acquired by
576 a water company, as defined in section 16-1 of the general statutes,
577 may cease operations without the approval of the department or the
578 approval of the department and the authority.

579 (c) Not later than thirty days after acquiring a water company, as
580 defined in section 16-262n of the general statutes, as amended by this
581 act, the acquiring entity shall file with the department, in the form and
582 manner prescribed by the department, the following information: (1)
583 The name of the acquiring entity; (2) the name of the water company,
584 as defined in section 16-262n of the general statutes, as amended by
585 this act, that has been acquired; and (3) the names, mailing addresses,
586 electronic mail addresses and telephone numbers, including
587 emergency telephone numbers, of the following: (A) The person or
588 entity that owns the acquiring entity, (B) the acquiring entity's
589 designated contact person, and (C) the acquiring entity's operator or
590 operators certified pursuant to section 25-32 of the general statutes that
591 will operate the acquired water company. For purposes of this

592 subsection, "acquiring entity" means the person, including, but not
593 limited to, a water company, as defined in section 16-262n of the
594 general statutes, as amended by this act, that acquired a water
595 company, as defined in section 16-262n of the general statutes, as
596 amended by this act.

597 Sec. 15. (NEW) (*Effective October 1, 2015*) (a) As used in this section,
598 (1) "water company" has the same meaning as provided in section 16-
599 262n of the general statutes, as amended by this act, and (2) "acquiring
600 entity" means an entity other than a water company, as defined in
601 section 16-1 of the general statutes.

602 (b) (1) In the case of a voluntary acquisition of a water company by
603 an acquiring entity, the acquiring entity and the water company
604 requesting to be acquired shall file an application on a form and in the
605 manner prescribed by the Department of Public Health. Such
606 application shall include, but not be limited to, information regarding
607 (A) whether the acquiring entity has the financial, managerial and
608 technical resources to operate the water company in a reliable and
609 efficient manner and to provide continuous, adequate service to the
610 persons served by the water company, (B) the status of the water
611 company, including whether the system or systems owned and
612 operated by such water company require improvements, and (C) the
613 rates the acquiring entity proposes to charge the customers of the
614 water company. The department shall, after making a determination
615 that such application is complete and after offering an opportunity for
616 a hearing, issue a final decision on said application stating the actions
617 the acquiring entity and the water company shall take and the orders
618 with which such acquiring entity and such water company shall
619 comply to ensure a continuous supply of potable water at adequate
620 volume and pressures and at a reasonable cost.

621 (2) The department shall not consider a request from a water
622 company under subdivision (1) of this subsection until the
623 Commissioner of Public Health has issued to such water company a

624 permit pursuant to sections 25-32 of the general statutes and 25-37d of
625 the general statutes for the transfer of all Class I and Class II water
626 company land owned by such water company to the acquiring entity
627 that is conditional on the department's approval of a request received
628 from a water company pursuant to this section.

629 (3) If the water company that the acquiring entity is voluntarily
630 acquiring is owned by a municipality and the municipality determines
631 that some or all of the water company land it owns contains a
632 municipal facility, including, but not limited to, a park, beach,
633 playfield, library, or building or other facility necessary and
634 convenient for carrying on the government of the municipality, the
635 municipality may apply for an exemption from subdivision (2) of this
636 subsection in the form and manner prescribed by the commissioner for
637 the water company land that contains a municipal facility.

638 (c) Not later than sixty days after the issuance of a final decision
639 pursuant to this section, the acquired water company shall properly
640 execute and deliver to the acquiring entity all documents necessary to
641 complete the transfer of title to all real and personal property that is
642 the subject of the final decision, including, but not limited to, land,
643 structures, easements, and every estate, right or interest therein. If the
644 acquired water company fails to deliver such documents in accordance
645 with this subsection, such acquiring entity shall notify the department
646 of such failure to act. Upon receipt of such notice, the department shall
647 petition the Superior Court to enforce the provisions of its final
648 decision.

649 Sec. 16. (NEW) (*Effective October 1, 2015*) (a) (1) Whenever a water
650 company, as defined in section 16-262n of the general statutes, as
651 amended by this act, is voluntarily acquired by a water company, as
652 defined in section 16-1 of the general statutes, such acquired water
653 company shall transfer to the acquiring water company all Class I and
654 Class II water company land owned by such voluntarily acquired
655 water company in accordance with the permitting requirements in

656 sections 25-32 of the general statutes and 25-37d of the general statutes.

657 (2) If such voluntarily acquired water company is owned by a
 658 municipality and the municipality determines that some or all of the
 659 Class I or Class II, or both, water company land it owns contains a
 660 municipal facility, including, but not limited to, a park, beach,
 661 playfield, library, or building or other facility necessary and
 662 convenient for carrying on the government of the municipality, the
 663 municipality may apply for an exemption from subdivision (1) of this
 664 subsection in the form and manner prescribed by the Commissioner of
 665 Public Health for the water company land that contains a municipal
 666 facility.

667 (b) Any transfer of Class I or Class II water company land without a
 668 permit as required by sections 25-32 of the general statutes and 25-37d
 669 of the general statutes shall be invalid and void ab initio. The parties to
 670 the transaction shall be required by the Department of Public Health to
 671 restore any land transferred without a required permit to the condition
 672 that it was in at the time of the transaction.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	12-81q
Sec. 2	<i>October 1, 2015</i>	16-19
Sec. 3	<i>October 1, 2015</i>	16-19z
Sec. 4	<i>October 1, 2015</i>	16-46
Sec. 5	<i>October 1, 2015</i>	16-262m
Sec. 6	<i>October 1, 2015</i>	16-262n
Sec. 7	<i>October 1, 2015</i>	16-262o
Sec. 8	<i>October 1, 2015</i>	16-262p
Sec. 9	<i>October 1, 2015</i>	16-262q
Sec. 10	<i>October 1, 2015</i>	16-262r(e)
Sec. 11	<i>October 1, 2015</i>	16-262s
Sec. 12	<i>October 1, 2015</i>	16-262y(a)
Sec. 13	<i>October 1, 2015</i>	16-262z
Sec. 14	<i>October 1, 2015</i>	New section

Sec. 15	<i>October 1, 2015</i>	New section
Sec. 16	<i>October 1, 2015</i>	New section

Statement of Purpose:

To implement the Department of Public Health's recommendations concerning water company takeover proceedings and certificates of public convenience and necessity for the expansion and construction of public water systems.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]